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REPORT ON UNIFORM FINANCIAL SCHOOL REPORTS.

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The following report was submitted by a special committee of the National Education Association to the Department of Superintendence at a meeting recently held in Columbus, Ohio : —

Your committee, appointed at the Chattanooga meeting of this body to report upon some uniform style of financial school report for the use of cities or school districts, and also upon some form suitable for the use of State school systems, begs leave to report as follows : —

The committee has not found it practicable to have a meeting of its members before coming to Columbus. Discussion of the matters committed to it has been carried on by correspondence, both between members of the committee and with others.

The printing of this report, so that it might be in the hands of the members of the department at this meeting, was authorized at the time this committee was appointed, but, in view of the fact that the members have not been able to meet for final discussion of the matters intrusted to them until the assembling of the department in Columbus, it seemed best to have printed only the proposed form.

It is not probable that any form for financial school report could be presented which would be entirely satisfactory to everyone. Your committee is of the opinion, however, that most persons would agree on nearly all important items, and that an agreement should be made throughout, even though, to some, the classification of a few minor items seem arbitrary or incorrect.

While local conditions enter into necessities for expense in any public school system, yet one of the most useful means of estimating proper expenditures, and the necessity for particular expenditures, should be afforded by a study of the financial school reports of other similar cities or districts. As these reports are at present made, they are of little use in this respect. Items given in one report are omitted from another. Items of income or outgo are differently grouped in different reports, and the statement is made in such a way that it is impossible to separate the items for the purpose of reclassification. In getting the cost of education per child, different items are put into the total cost of education, which forms the divi-

dend, while sometimes the divisor is the number enrolled, sometimes the average number in daily membership, sometimes the average number in daily attendance.

One of the chief studies of a wise administrator of schools is to make the cost of education per child as low as consistent with the best service. Attention to this and to a comparative study of reports for a period of years, now that most of our school systems have become established on a somewhat similar plan, should give an idea of the average or normal cost of education per child. Having this, the manager of schools may know how expense in his system differs from this normal standard, and, if not normal, why it is above or below. This knowledge cannot be arrived at, however, until the same items are included when computing cost of education and the same divisor is used in obtaining the average. By careful comparative study, railroad men know the average cost of hauling freight per ton per mile, and the cost per mile of transporting a passenger. Those administering schools should be as well informed upon the cost of education.

The two things which one studying a report of school finances most desires to know are, first, the rate of direct local taxation for schools borne by the community reporting, and, second, the average cost per child per year for the usual educational expenses. There are many items which, when given, are explanatory of these two, and serve to correct the inferences which might be drawn from a bald statement of them. There are also many items, not directly related, which aid in giving a correct estimate of the conditions surrounding the school organization reporting.

PROPOSED FORM FOR  
REPORT OF THE SCHOOL RECEIPTS AND EXPENDITURES OF THE CITY  
(OR SCHOOL DISTRICT OR SCHOOL CORPORATION)

of \_\_\_\_\_ for the year ending \_\_\_\_\_ 19\_\_\_\_

- |  |         |
|--|---------|
| 1. Estimated actual value of all property in the city (or school district or corporation).....                     | \$..... |
| 2. Assessed valuation of all property in city (or school district or corporation).....                             | .....   |
| 3. Rate of school tax levied on each dollar of assessed valuation of city (or school district or corporation)..... | .....   |

RECEIPTS.

- |   |         |
|---|---------|
| 4. Received from State apportionment or taxes.....  | \$..... |
| 5. Received from county apportionment or taxes..... | .....   |

6.	Received from city (or school district or corporation) taxes.....	.....	.....
7.	Received from fines, licenses, penalties, etc.....	.....	.....
8.	Received from all other sources except loans and bond sales. (Specify different sources)..... \$.....	.....	.....
9.	Received from loans.....	.....	.....
10.	Received from bond sales.....	.....	.....
11.	Total receipts, all sources.....	.....	.....
EXPENDITURES.			
12.	Paid for salaries of teachers and supervisors.....	.....	.....
13.	Paid for other current expenses, excluding interest :—		
	Salaries of officers .....	.....	.....
	Janitors.....	.....	.....
	Fuel and lights .....	.....	.....
	Text-books, including copy and drawing-books.....	.....	.....
	Stationery.....	.....	.....
	Other supplies for schools. ....	.....	.....
	Ordinary repairs to buildings, etc.....	.....	.....
	All other current expenses.....	.....	.....
14.	Paid for sites .....	.....	.....
15.	Paid for additions and new buildings.....	.....	.....
16.	Paid for permanent furnishings and furniture.....	.....	.....
17.	Paid for permanent equipment for manual training, science laboratories, etc.....	.....	.....
18.	Paid for reference and library books.....	.....	.....
19.	Paid for all other permanent improvements, such as grading, paving, etc. (Specify different expenditures).....	.....	.....
20.	Paid for interest.....	.....	.....
21.	Paid on principal of loans.....	.....	.....
22.	Paid on principal of bonded debt.....	.....	.....
23.	Total paid out, all purposes.....	.....	.....
24.	Cash on hand at beginning of year.....	.....	.....
25.	Cash on hand at beginning of year in fund for sites and buildings. (Included in 24). ....	.....	.....
26.	Cash on hand at beginning of year in sinking fund. (Included in 24). ....	.....	.....
27.	Warrants outstanding, beginning of year .....	.....	.....
28.	Cash on hand at end of year.....	.....	.....
29.	Cash on hand at end of year in fund for sites and buildings. (Included in 28). ....	.....	.....
30.	Cash on hand at end of year in sinking fund. (Included in 28).....	.....	.....
31.	Warrants outstanding at end of year.....	.....	.....
32.	Paid current expenses, evening schools. (Included in 12 and 13). ..	.....	.....
33.	Paid current expenses teachers' training schools. (Included in 12 and 13. ....	.....	.....
34.	Paid current expenses, schools for defectives or other special schools. (Included in 12 and 13. Specify different schools).....	.....	.....

35. Bonded school debt of city (or school district or corporation) at end of year .....	.....
36. Population of city (or school district or corporation) ..	.....
37. Persons of school age.....to.....years, inclusive, in .....city (or school district or corporation).....	.....
38. Number pupils enrolled, all schools.....	.....
39. Average number in daily membership, all schools...	.....
40. Average number in daily attendance, all schools.....	.....
41. Average number in daily attendance, night schools. (Included in 40).....	.....
42. Average number in daily attendance, teachers' training schools. (Included in 40).....	.....
43. Average number in daily attendance, schools for defectives or other special schools. (Included in 40. Specify different schools).....	.....
44. Annual cost of education per pupil. (Sum of Nos. 12 and 13 divided by No. 40).....	\$.....

In arranging the proposed form an attempt has been made to group items so that the two prime facts which such a report may show may be easily determined ; and to give, in addition, information of interest and use in such comparative study of income, outgo, and conditions as those charged with the management of school systems find it profitable to make.

The heading of the blank form was, at the suggestion of members of the committee, made to cover cities, school districts, or school corporations. In some cases the city and the school districts have the same boundaries ; in other cases the school district covers territory not included within the limits of the city ; in some cases the title varies, and the school district is called a school corporation. The proposed heading will permit the form to be used not only for cities, but for any school district, or for any form of organization the purpose of which is to carry on public schools.

Taking up the items of the form, Nos. 1, 2, and 3 serve to show the rate of local school tax, and to determine how this rate in one system of schools compares with that in another. The proportion of the true value at which property is assessed for purposes of taxation varies so in different States and different cities that all of these items are necessary that a comparison may be made. A tax of seven mills on the dollar, where property is, as in some cases, valued for taxation at only one-tenth of its actual value, is really much lower than a tax of four mills in a city where property is valued for taxation at two-fifths its actual value. The tax of seven mills on the one-tenth

valuation might be increased on the same valuation to a tax of sixteen mills before it would be as great in reality as the four-mill tax on the two-fifths valuation. A tax of six mills on the dollar where property is assessed at one-fourth its actual value is in reality only one-half as great as a tax of three mills where property is assessed, as in Massachusetts and in some other States, at its full actual value. With the figures given in Nos. 1, 2, and 3, valuation and tax rate may be reduced to a common basis, and fairly compared.

Under the head of receipts, the ordinary and extraordinary sources of income are separated. The ordinary sources, items 4, 5, 6, 7, and 8, serve to explain each other, and also to explain No. 3. In some States little or nothing is received from State distribution or funds; on the other hand, in at least one commonwealth, this State school fund is so generously endowed that, with prudent care, it should, in the future, carry a large part of the expense for public education. Where this source of income is large, the necessity for local taxation is correspondingly reduced. In cases where the county figures to a considerable extent as the unit of taxation the necessity for tax in the local school district is likewise lessened. In many cases the amount received into the school fund from fines, licenses, and penalties is considerable. On the other hand, this source of revenue is sometimes large, in some cases even providing the greater part of the funds needed for the maintenance of the schools. Where such a condition as this exists, the necessity for taxation, of whatever sort, is materially reduced. Cities or districts sometimes have unusual or temporary sources of income — gifts or bequests, interest on permanently invested funds, tuition of non-resident pupils, etc. These items, indicated in No. 8, serve to put all the facts before the reader of the report.

Receipts from money borrowed and from the sale of bonds are not natural or regular sources of income. The receipts from the sale of bonds are generally to be applied to some particular purpose, usually the purchase of sites and the erection of buildings. Income from loans is a temporary makeshift. Nevertheless, these two items must be reported to give a correct understanding of the situation.

Expenditures seem to fall into three classes: the usual current expenditures necessary for the maintenance of the schools; expenditures for sites, buildings, permanent improvements, and equipment; other

expenditures which, for various reasons, are not put in either of the two preceding classes.

For the purpose of this report the first of these classes is by far the most important, for it would probably be conceded that from this item of current expenses should be determined the cost of education per child, the most important item to be shown. Most of the difficulties in preparing such a form as is here proposed are met in the attempt to agree upon the items which should be included and those which should be excluded from item 13. Item 12 is simple, including only expense for regular and special teachers, and for those engaged in supervising or directing the work of instruction. An agreement is easily reached upon most of the elements making up the total in No 13. Here, without doubt, belong all expenditures for salaries of executive officers of the board; salaries of janitors; fuel; light; water, where this is purchased; material and labor for ordinary repairs to buildings and premises; the care of grounds; text-books, where these are owned by the school board; school stationery; school supplies, both those of janitors and those used in the work of instruction; cartage and freight; advertising; election expenses; school census; legal expenses; postage; telegraph and telephones; etc. Your committee would also include sums paid for rooms or ground rented for the use of the schools. It may seem inconsistent to include rent here, while excluding interest paid, and interest estimated on value of buildings and grounds used for school purposes. Rent, however, is seldom a large item, and it seems best to class it as current expense.

Actual usage as to items included in "cost of education" varies widely in different cities. Perhaps in one case only part of what is included in No 12, simply the expense for teachers, is included. In another city the cost of instruction and supervision, all of No. 12, is included, and this is reported as "cost of education." Sometimes to these items is added cost of janitors, fuel, and school supplies, while all other items are omitted.

It has been urged that to the items grouped under No. 13 should be added the sums paid for interest, and also a sum for interest, estimated at the current rate, upon the value of all grounds and buildings owned by the school district and used for school purposes. The item of interest paid upon bonds or upon temporary loans has been

arbitrarily excluded from No. 13. This has been done because interest is not directly an expense for educational ends; because in many cities no debt exists and no interest is paid. If the item is included, it will in some cities weigh unduly in the showing of the cost per child. Whether school buildings and grounds shall be purchased by direct appropriations of funds from the school treasury, or by funds derived from the sale of bonds, is a matter regulated by each community for itself, under state laws, and one plan or the other is followed, as the particular community considers advantageous. The matter is largely out of the management or control of those directly charged with administering the schools. Your committee has, therefore, recommended this exclusion.

The question might be raised as to including in No. 13 the interest upon estimated value of buildings and sites and permanent equipment. While it is true that the community is permanently deprived of the use for other purposes of the sums invested, its inclusion would be a wide departure from any prevailing usage. Estimates of the value upon which interest should be computed would vary largely, as one person after another, in different years, was called upon to make the estimate, and the item would become a variable factor, causing apparent cost of education to show strange increase or decrease. Your committee has, therefore, considered it wiser to exclude both interest paid and interest estimated from "cost of education."

Items 14 to 19, inclusive, show permanent investments in plant. The items are separated, because it is desirable to know amounts expended for each purpose. Some little perplexity may arise in classifying expenditures under Nos 16 and 17. Probably window shades and poles, and carpets, should go under 16, while door mats should go with brooms under 13. The repairing or replacing of shades should probably go under 13 also. Maps, charts, globes, etc., with all original fitting up of laboratories and workrooms, as well as additions of permanent pieces of apparatus, belong under 17; while the repair of apparatus and the replacement of the daily consumption and small breakage of laboratory material and utensils should be counted under 13, as should rebinding and repairs of library and reference-books. Bookcases, etc., an improved heating plant, a new system of ventilation put in a building, fall naturally under 19.



Items 20, 21, and 22, not placed with either of the foregoing classes of expenditure, are desirable for information, and are therefore included.

Although this form for report does not resemble a book-keeper's balance sheet or exhibit, yet item 24 is desired as a matter of information, as is also item 27. Items 25 and 26 are necessary to give a correct understanding of the significance of item 24. Items 28 and 31 are also desired as items of information, important as giving a full knowledge of the situation which exists in the reporting district. Nos. 29 and 30 modify considerably the significance of 28.

Items 32, 33, and 34 give an opportunity to estimate the cost of ordinary schools, free from complications with the unusual schools indicated in these items. They also give information as to what extraordinary educational responsibilities are assumed by the community.

Item 35 is inserted simply as information often desired, but frequently omitted from school reports.

Item 36 sheds light on the item following, and both of them are things well to be known when considering items 38, 39, and 40. These facts are not all strictly related to finances, but help in a view of the whole situation. They should often be borne in mind as correctives when considering items 3 and 44.

Items 41, 42, and 43 bear the same relation to 40 that 32, 33, and 34 do to the sum of 12 and 13. They permit the cost of education for the common schools to be separated and computed apart from that of the schools for special classes or purposes indicated in 41, 42, and 43.

There will no doubt be criticism of the selection of No. 40 as the divisor in obtaining No. 44. Both No. 38 and No. 39 were considered.

No. 38 varies so in different cities in proportion to the school population, and the average number of days each pupil enrolled is in attendance during the year varies so, that this does not seem to provide a divisor that is in any degree stable or reliable. Neither does the enrollment, in any great degree, determine the number of teachers or the school accommodations necessary.

For many reasons No. 39 seems the most suitable divisor. If computed in a uniform manner, the figures showing number in average daily membership would most nearly show the requirements for schoolrooms, furniture, supplies, and teachers. But it is not true

that these figures are obtained by the same processes, or based upon the same facts, in different school systems. Usage varies so in computing membership in different schools — pupils in some cases being counted as members of the schools, when in other cities the same state of facts would cause the child to be considered as no longer a member of the schools — that fair comparison is apparently not practicable by the use of this divisor.

Your committee is of the opinion that a divisor as little subject to misunderstanding as possible, and one based upon facts which are obtained in the same way everywhere, is of the first importance. The members believe this is provided by item 40, and we have, therefore, made that item the divisor to be used, in connection with items 12 and 13, to obtain what shall be known as the “cost of education.”

Your committee further recommends that the accompanying form for reports of cities or school districts be used as a basis for uniform financial reports by State superintendents of public instruction.

Your committee finds it impracticable, without further time than has been at the disposal of its members, to present a suitable form for report showing important facts as to finances of State schools and educational institutions other than public schools.

Respectfully submitted,

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